

ENERGY EFFICIENCY AND RESOURCES MANGEMENT COUNCIL

Minutes-June 10, 2010

Conference Room B, Second Floor, DOA

Call to Order: As Chairman Ryan was going to be late for the meeting, a motion was made by Sam Krasnow to have EERMC Executive Director Ken Payne begin the meeting in his absence. It was seconded by Joe C. and passed unanimously. The meeting was called to order at 4:00.

Members Present: Paul Ryan, Sam Krasnow, Joe Cirillo, Joe Newsome, Chris Powell, Dan Justynski, Marion Gold, Abigail Anthony and Ken Payne

Staff Present: Charles Hawkins

Consultants: Scudder Parker and Mike Guerard

Others Present: Tom Teehan, Rachel Sholly, Rachel Henschel, Domenic Musco and David Brown

Acceptance of Minutes: A motion was made by Joe Newsome to approve the April Minutes and the May meeting summary. It was seconded by Joe C. and passed unanimously.

Executive Director's Report

Ken P. explained that the OER needed to ratify NGrid's 40% RGGI Plan after consultation with the EERMC & DEM. At the May 17th meeting he consulted with the Council on the 40% RGGI plan and on May 19th OER met with DEM's RGGI staff to present the plan. DEM did not think the plan was particularly exciting but was not opposed to it. The council now needs to ratify the consultation that occurred on May 17th. The Council took a prior position in support of the February EE Settlement Plan which includes spending the RGGI 40% on innovative EE programs. A motion was made by Marion Gold to ratify the consultation by the OER on the RGGI Plan to the council. It was seconded by Joe C. and passed unanimously. Ken P. will recommend to the DOA to sign off on NGrid's 40% RGGI Plan..

The General Assembly had a productive session regarding energy issues. Ken P. credited the work of Sam K. and Environment NE with getting a decoupling bill passed that includes gas LCP. This bill contains new EERMC responsibilities including proposing performance-based energy savings targets to the PUC no later than September 1, 2010.

Because of this tight deadline, Ken P. recommended that the council retain VEIC for at least another quarter. In the next few months, the Council will have to take a close look at their new statutory

responsibilities and continuity of consultant services if required. A motion was made by Paul R. to retain VEIC for another quarter to cover the months of July, August and September. It was seconded by Joe N. and passed unanimously. It was also suggested that the council may want to extend VEIC's contract until the end of the year at the July meeting.

It was also agreed to hold the July meeting on the second Thursday of the month, July 8th, and to try and hold all Council meetings for the remainder of the year on the second Thursday of the month. OER will prepare a summary of this year's legislative changes affecting the council

The RI Senate also gave its "advise and consent" to two new council members, Marion Gold who will represent the Residential Sector and Abigail Anthony who will replace Sam K. as the environmental representative. Dan J. and Chris P. were also reappointed with Chris serving as Vice Chairman.

ARRA UPDATE

OER is making a push to get 100% of the SEP ARRA energy funds obligated by the end of June. Ken P. believes that optimistically 90% could be obligated by the end of the month

- The technical review of Round 2 of the Non-Utility Scale Renewables has been completed and is now waiting for sign-off from the

Governor

- **Contracts have been sent out to recipients of Round One funding for the Non-Utility Scale Renewable solicitation and the first checks have been cut.**
- **A MOU is in the process of being executed to administrate the ARRA Commercial & Industrial EE Program to the EDC.**
- **All agreements are now in place for the ARRA WAP program**
- **The technical review is slated to begin on the 30 applications OER received in the competitive Round of the EECBG.**

The ARRA energy programs have gone through three stages:

- 1. Program Design which took place last spring and summer;**
- 2. Program Solicitation which began this winter and is now near completion;**
- 3. Program Implementation which involves executing agreements based on the solicitations.**

This is where the money is spent.

Ken P. then introduced Rachel Henschel of NGrid to present a summary of NGrid's 2010 EE targets and 1st quarter results. Residentail gas is oversubscribed with NGrid reaching 361% of its goal. This is primarily due to a huge demand created by the March floods. She also mentioned a bit of bad news, HVAC suppliers have stop ordering high EE units. In other sectors; Residential Electric EE has hit 30% of its goals and Low-Income EE 27% of its goals. C&I Electric EE is coming in at only 20% of its target which was projected

to be 72% by now.

Chris P. asked if these numbers were with the RGGI funds.

No, this is Tier I which includes the RGGI 60% but not the RGGI 40%.

Rachel H. then introduced Dominec Musco who is the new head of NGrid's RI Gas & Electric EE programs.

OLD BUSINESS

Review of the June 5th Sustainable RI forum

The turnout exceeded expectations with at least 210 attending. Rachel S. thought the actual number was higher and stated that there was lots of positive feedback from vendors. She also wanted to thank NGrid for having representatives at all the breakouts, which was a great help. Marion G. also thought the event was a success but would like to see more wrap-ups from breakouts at the final plenary session. Sam K. was pleased and wanted to especially thank the URI Energy Center for their efforts.

There was a discussion of next steps. Paul R. would like to do a similar community outreach event in the fall. He would like to hold it in Providence, but not at the State House. Marion G. mentioned a more targeted event, perhaps targeting low income residents.

Joe N. wants to reach out to small non-profits who tend to be critical social safety nets in the community. They have really suffered from state budget cuts recently and severe budgetary constraints that make it difficult for them to come up with matching funding. He cited how many non-profits opposed the Deepwater Wind Power Purchase Agreement because they oppose rate increases of any kind.

Ken P. thought it was essential to do program design work and find out how to assist non-profits and small businesses who do not have access to capitol. OER is currently studying this problem. Joe N. brought up the ESCO Workshop the OER had in April and wondered if some of these non-profits could aggregate and employ an ESCO to figure out how to finance EE improvements. That way they could take advantage of economies of scale. Scudder P. cautioned that although ESCOs are a nice concept, they may not be a good match for cash starved non-profits. Rachel H. said that the NGrid 40% RGGI Plan targets small businesses.

Paul R. feels that the Annual Report gave the council more credibility with Assembly members. Abigail A. noted that almost all of the policy recommendations in the Annual Report were adopted in Assembly legislation.

Filling Vacancies for Voting and Non-voting Membership

As was noted in the Executive Director's Report, four voting members were approved by the RI Senate. This leaves the two non-voting vacancies that are open due to the resignation of Tim Stout and Ron Gerwatowski. A discussion ensued about whether ex-officio members needed to be confirmed. Sam K. thought they did. Ken P. saw no reason why the Council can not ask NGrid to designate two people to serve in an advisory capacity. A motion was made by Paul R. to ask NGrid to designate two people to serve in an advisory capacity to the Council. It was seconded by Chris Powell and passed unanimously.

Abigail A. wanted to address the issue of having members represented by designees because of the problem of achieving quorum. She cited a Massachusetts policy that allows a similar energy council to designate and wanted to know if the council wanted to change their By-laws to accommodate this. Paul R. said the change needs to be statutory and can not be made in the by-laws because of the RI Open Meetings Law. You can not participate by phone unless you are disabled or on active duty in the military.

Discussion of Consultant RFP

This was discussed and voted on in the Executive Director's report.

NEW BUSINESS

Legislative Discussion and Update Including EERMC's Role in Decoupling

Ken P. suggested forming a sub-committee to work with the consultants to prepare a draft of possible EE goals for the July meeting. This draft will need to be redefined in August to be ready to present to the PUC in September. The work has to begin now. Paul R. suggested Abigail A. head the sub-committee.

Abigail A. thought it would be beneficial to emphasis the 2011 goals that are already laid out, but also to look toward the goals for the 2012-2014 three year plan. She would be happy to take the lead on this with a goal of having RI move up into the top three nationwide in EE. She said there were three main elements to the Decoupling legislation: 1. Decoupling itself that requires the utility to make a proposal to PUC for the decoupling mechanism;

2. It adds natural gas to LCP mandate;

3. The fully reconciled funding mechanism, which was taking from Mass. language that requires the PUC to purchase all EE measures that are cost effective and are included in the three year plan.

Sam K. said that the Council needs to get a high level sense of what the gas and electric savings goals are for year one and then take a look at what the goals are for the next three years and get into the PUC by 9/1. Then separately, NGrid will have to make a filing for how they actually want to do the mechanics of decoupling. On 9/1/11,

NGrid will have to file a plan for what will happen in the next 3 years. It makes sense for NGrid to consult the Council during this process. Scudder P. pointed out that the long-awaited KEMA Phase 2 Opportunity report is now timely and their data can be helpful in establishing savings goals.

Dan J. wanted to go on record as being disappointed by how members of the PUC were treated in front of the General Assembly hearings and would like it reflected in the minutes. Dan J. made a motion to express disappointment with the personal attacks on PUC members that occurred during recent hearings. It was seconded by Chris P. and passed unanimously.

Abigail A. asked if a formal vote was needed to establish a sub-committee. Abigail A. made a motion to work on energy saving goals with members appointed by the Chairman. Dan J. seconded the motion and volunteered to serve on the committee. It was also decide to have only 4 members on the committee to avoid quorum and Open Meeting issues. Abigail said the objective was to have something to present to the council in July that can be refined for the August meeting.

Abigail A. then made an official motion to form an energy savings goals sub-committee, it was seconded by Paul R. and passed unanimously. Abigail will chair the sub-committee and Paul will assign members not to exceed three.

PUBLIC COMMENT

Joe C. expressed concern about the LNG Tank at Fields Point. It is 50 years old and the seismic code, which governed its construction, is out of date. He believes an analysis of the site conditions is needed; recent disasters have dramatized the risks. The facility is important because it provides peak load natural gas in the winter. It was build in 1970, under Providence's building code, when seismic codes were minimal. He is also concerned about its proximity to RI & Bradley Hospitals.

Paul R. asked which state agency had jurisdiction. Ken P. mentioned the state's obligation to develop an Energy Assurance Plan. It must look at natural disasters and their effect on RI's energy infrastructure. In its statutory advisory role to the OER, the Council can request the OER look into such matters. He said that if the Council made a motion to look at the LNG in the Energy Assurance Plan the OER will look into it. Joe C. made a motion to raise the issue of the structural integrity of the Field's Point LNG Tank when RI develops its Energy Assurance Plan. Paul R. seconded and it passed unanimously.

Dan J. wanted to thank Sam K. for his years of invaluable service and mentoring to the Council.

David Brown of Peoples Power & Light commented that the

decoupling legislation does not have a metric to assess whether changes in demand come from economic or environmental conditions. He would like to have the sub-committee consider it. Sam K. said that there were two pieces in the legislation: making the utilities savings neutral and performance incentives for doing good EE programs.

Joe N. inquired about the status of the in-depth analysis of low income weatherization that was initiated at the January meeting. Ken P. offered to give an update at the July meeting. He also said it was a daily top priority of the OER. He has a meeting in Woonsocket scheduled and had already had a lengthy meeting with the Urban League on the subject.

Joe N. brought up the problem of utility shutoffs. He was told at a recent meeting that this was not an issue for the council and this troubles him. He feels the Council should be able to weigh in on this issue. Ken P. agreed. Tom T. said a shutoff report is filed with the PUC monthly. Joe N. would like to be updated on the progress the utilities are making on shutoffs on a regular basis.

Paul R. made a motion to adjourn the meeting. It was seconded by Joe C. and the meeting adjourned at 6:00 PM.

Respectfully submitted

Charles Hawkins

Secretary Pro-tempore